

Remarks of  
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Chairman,  
Subcommittee on Health and the Environment  
before  
The National Council on Aging

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I'm glad to have the opportunity to be with you today. I want to enlist your support in the battle taking place in Washington right now that will affect how we as a government and as a people will deal with the poor and the elderly in our nation.

It is incredible that we are faced with such a debate. In the 1930's under the New Deal we enacted Social Security and ended the debate, and in the 1960's we finally adopted Medicare. Those who opposed both programs are out after them. I am not an alarmist. I don't like to exaggerate for effect. I don't cry "Wolf" to get people to move.

But I believe that the those programs that you and I care about--Medicare, Medicaid, public health, preventive health--are in great danger. The danger is now--not during the year, not next month. And I believe that the danger to those programs is graver now than it was last year, or the year before, or even in 1981 when we thought the President had done his worst.

This is the time for you to make your voices heard. And it is for this reason that your topic "Health Care: Can We Cut Costs and Keep the

Shrill!

Quality?" -- is important and timely.

Unfortunately the Reagan Administration has sidestepped most of this important topic and decided not to answer your question. The Reagan Administration is interested only in cutting Federal spending, leaving patients and providers to worry about the issues of cost and quality. In this area--as in other policy debates on the budget and deficits--the Administration has abandoned any leadership role, saying only "Spend less, we don't care how. And the devil take the hindmost."

Congress is now in the midst of deliberations on the 1986 budget. Cutting health care spending is a major item in Republican deficit reduction plans. The Senate Budget Committee and the White House have come to agreement on a budget package -- a budget package with deep cuts in Medicare and Medicaid.

The President wants us to cut \$60 billion from Federally supported health programs in the next 5 years. He asks for these savings regardless of the impact these changes would have on the health of the American people.

He asks for these changes with complete disregard for the commitment we as a society have made to protect older Americans from the devastating burden of medical bills.

His proposals ignore our social promise to provide access to care for poor, old and disabled Americans.

Such proposals are supported by few Americans. The American people value good health care.

They're willing to pay for it.

They're willing to have society pay for it.

They're willing to have government pay for it.

Think about Medicare. Medicare is not an unpopular program.

Older Americans are not telling us that Medicare hasn't worked and isn't worth keeping. Quite the contrary. Older Americans are telling us that Medicare doesn't do enough. They point out that Medicare covers less than half of their health care costs, that it provides no assistance with long term care needs. And they point out that Medicaid which does pay for nursing home services assists only the impoverished.

Yet, the President wants us to cut almost \$17 billion from Medicaid and \$44 billion from Medicare over the next 5 years. He is not concerned with the unmet needs. He is not concerned with the health and well-being of our senior citizens. He is concerned with protecting unbridled defense spending and irresponsible tax cuts.

He is asking 50 million Americans -- the old, the disabled, and the poor -- to shoulder the burden of reducing the Federal budget

deficit. He proposes deep cuts in health financing for those with the least ability to absorb cuts.

The Republican plan is not a budget based on compassion. It is not a budget based on need.

It is a budget that saves dollars without regard to either quality of care or quality of life. It is a budget in which the richest Nation on earth would cut federal spending at the expense of its most vulnerable citizens.

The freeze advocates are trying to tell us that a government wide freeze is fair and reasonable because it hits all programs the same. They are wrong -- and what is worse is that they are short-sighted and irresponsible.

But there are at least three things wrong with these discussions.

First, I would point out that the President's proposal is not even close to an equitable freeze.

Cartoon: Social Security: "I don't see how they can call reducing the rate of increase a 'cut'." Defense: "We've cut defense already by reducing the rate of increase."

The President doesn't plan to freeze the Defense Department -- he insists on giving the Pentagon everything it got last year, after four

years of buildup, plus an increase over and above inflation. The President's proposed freeze for health and other domestic programs doesn't account for inflation, <sup>1</sup> it comes after 4 years of cuts, and it most certainly does not include any increases above inflation.

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Second, the President's freeze is only on the direct spending programs and not on the tax breaks and loopholes through which the government spends indirectly. This is true for the Democrats who have lost their nerve because of the last election and fear being for a tax increase.

The people supported through tax breaks would continue to receive them.

It is too easy to get caught in a numbers game. It is too easy to think that just because Medicare and Medicaid are multi-billion dollar programs, there is room to absorb another round of cuts without affecting the elderly and poor who depend on these programs.

And it is too easy to believe that providers' fees can continue to be cut without eroding the quality of care or the willingness of providers to treat beneficiaries.

It may, at first, seem fair to slow the deficit by keeping everything constant -- no growth, no change. But, to paraphrase H.L. Mencken: For every complex and difficult problem, there is one clear, and simple solution, and it is wrong.

Nothing could better demonstrate Mr. Mencken's insight than a freeze on all government programs.

The deficit is a serious problem and we must take steps to stem the deficit. But what we do should be thoughtful. What we do should be responsible.

It is essential that we look at what's right and reasonable for government to do -- that we look at what works and what doesn't. I'm here to tell you that that's not what's going on in Washington. In Washington, everyone is talking about budget freezes--some without military costs, some with military costs, some with adjustments, some without adjustments--but everyone is talking about what he or she calls a freeze.

The problem is that this huge budget deficit our country faces -- brought about by tax cuts for the rich and throwing away and wasting it on the military -- has brought about a response of narrow vision and a mean spirit. People who should know better are worrying about numbers and forgetting about people. Even Democrats are falling into this trap.

✓ They are not legislating from principles and ideals. All they see is one, big budget document, that can satisfy the President not to cut defense and not to raise revenues to pay for government services.

In any ordinary year, I believe that a budget like the one that the President and the Republicans have proposed would be rejected out of hand. But, unfortunately, in this year, too many people are caught up by talk of quick solutions, easy ways out that they hope will be painless to politicians even though dangerous for the country.

My heart aches when I hear Democrats join the President and the Republicans and call for a freeze only on spending and not on some of the most outrageous and indefensible tax expenditures. They would join in to freeze school lunch programs and nutrition programs for pregnant women. They do not plan to freeze lunches and dinners and high-priced entertainment for the often wealthy businessmen.

Finally, any budget freeze--the President's, the Republicans', even some Democrats'--cannot deal with the substance of Federal programs. A freeze does not respond to growing needs. It locks in place the existing system. It assumes that today's policies are meeting today's needs and that they can meet tomorrow's needs as well. But we know in many areas this is simply not the case. The list of gaps, inadequacies, and possible improvements is long.

And nowhere is a freeze more inappropriate than for health programs. Freezing expenditures in health care programs is simplistic and shortsighted. We will reap its consequences for years to come.

It makes no sense to freeze programs that pay for immunizations and vaccines, when the price to pay for vaccines has gone up 1000%. We

will find ourselves paying for epidemics in a few years.

It makes no sense to freeze programs that pay for family planning when the problem of adolescent pregnancy is growing.

It makes no sense to freeze spending on prenatal care for the poor or medical care for the old.

You can't "freeze" people from getting old. You can't "freeze" people from getting sick. When the population is aging, you can't freeze the need for nursing home services or the need to develop new alternatives for care in the community.

We owe the American people a more reasoned and sensitive approach than an across-the-board freeze. It is far too easy to become obsessed with the dollars and forget the human beings for whom the dollars are spent.

A freeze is easy. A freeze doesn't require any thought, any hard decisions. It is, therefore, very possible that Congress will agree.

Groups like this one must make their voices heard on Capitol Hill. I can assure you that defense contractors are heard every day, loud and clear. And I can assure you that the White House lobbyists make their calls each morning. If we are to preserve the programs we care about, you, too, must begin to work now. You cannot wait until after the Budget Resolution has passed the Senate or until the House is ready to

The President likes to pretend that no one gets hurt with these proposals -- that somehow the States just stretch the dollars or absorb the cuts and needy people continue to get services. But what would really happen under a Medicaid cap is that poor people would get hurt.

#### MEDICARE

But the President's health policies do not attack only the poor. The President proposes to make 30 million elderly and disabled Americans shoulder an increasing share of their medical bills.

The President's proposals for Medicare would require the elderly to pay higher deductibles and higher premiums. These increased costs to the elderly are proposed without regard to their health needs and without recognition of the out-of-pocket costs they already pay. Medicare currently pays for only 45% of their health care expenditures.

The President also proposes to freeze payments to providers under Medicare -- hospitals, physicians, skilled nursing facilities, and home health agencies. He tries to convince us that this hits only the health care providers, but in fact these proposals can hurt aged beneficiaries.

Freezing provider payments may be an easy budget target, but it is not good policy if one cares about access to care or quality of care.

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We do not want to see the tremendous gains in the health of the American people eroded by ill-conceived and hastily adopted proposals to save Federal dollars for the next fiscal year. For four years we have been making health policy decisions in response to budget targets. Such decisions are a poor substitute for thoughtful and carefully analyzed policy proposals.

The President's proposals for health are particularly harmful to the old and the poor. They must not be adopted. Let me briefly review some of the President's major proposals.

#### MEDICAID

Once again the President is going after Medicaid. He wants to cut health care for the poor by capping Medicaid.

A Medicaid cap would end the entitlement to health care for 22 million poor Americans --children, the elderly, disabled, and mentally retarded. Over 4 million aged Americans would be affected. Many frail and chronically ill older Americans depend on Medicaid to pay for nursing home care.

I need not remind this audience that nearly 40 percent of the dollars spent on Medicaid are for older Americans.

The federal dollars we spend on health are an investment in the future of this Nation.

I hope you will make your voices heard in Washington. We cannot afford to lose the battle for Social Security, Medicare and Medicaid. The fight we are waging now is every bit as important as the ones we won in the past to enact these programs. If we lose our battle, the nation will be worse off for years to come.

It is an uphill battle. You must begin today.

Thank You.

## NEED FOR A POSITIVE AGENDA

But I didn't come here today solely to urge you to join me in the upcoming battle to protect Medicare and Medicaid. I also came to tell you that we must begin to look beyond deficits and budget slashing to the real needs of this country. Somehow these problems don't get discussed at budget time. In fact, often we end up making these problems worse at budget time.

Too many people are left out of the health and wealth of this great Nation.

And I need not tell you that our long term care programs and policies do not meet the needs of our growing elderly population. The reality of an aging population is chronically ignored in the "spend less, do less" politics of the budget.

We must begin to take responsible action; to lay the foundation for a comprehensive system of long term care services; to recognize the need to provide services in the home and in the community as well as to improve financing for those who require care in an institutional setting.

We cannot continue on a course of fragmented programs that leave many to fall between the cracks. We cannot continue with "budget-neutral," piecemeal solutions.

I worry that the ultimate effect of annual reductions in provider payment will be a two-class medical system -- one for the old and poor and one for everyone else.

The President wants to freeze Medicare physician payments. If Medicare payments are substantially lower than what private patients pay, Medicare beneficiaries may lose access. Extending the freeze undermines the incentives we gave physicians to take assignment.

The President wants to freeze the DRG payment levels for hospitals. The Prospective Payment System is not yet in place and we are getting reports of patients being dumped from hospitals too early to meet their medical needs. We must monitor the DRG system and make adjustments to it when necessary -- not ratchet down so that it will not work.

The net result of all the President's proposals is the gradual dismantling of our commitment to protect our senior citizens from the devastating cost of illness and disability. Instead, we must work to preserve, not dismantle, the Medicare program.

Medicare is a good program. It is a program that works. I look forward to your support and assistance in the struggle to preserve this essential program for older Americans.